



SBS PHILIPPINE CORPORATION

TERMS OF REFERENCE OF THE NOMINATION & CORPORATE GOVERNANCE COMMITTEE

The Board of Directors of SBS Philippine Corporation (the “Corporation”) hereby constitutes a Nomination and Corporate Governance Committee (the “Committee”) and adopts this Committee Charter:

1. Membership

- 1.1. The members of the Committee shall be appointed by the Board of Directors and shall be composed of at least three (3) directors, and one of whom shall be an independent director. An Independent Director shall be designated as the Chairman of the Committee and preside over its meetings. The Committee shall act on the basis of majority vote of its members.
- 1.2. The members of the Committee shall be appointed by the Board of Directors during its annual organizational meeting and each shall hold office for one year and until their successors are elected and qualified, unless sooner replaced or removed by the Board.
- 1.3. Any vacancy in the Committee shall be filled by the Board of Directors. The member elected to fill a vacancy in the Committee shall serve only the unexpired term of his predecessor in office.

2. Powers, Duties and Responsibilities of the Committee

- 2.1. The Committee shall review the size, structure and composition of the Board and make recommendations to the Board regarding any adjustments necessary to ensure compliance with the Corporation’s Articles and By-Laws, Manual for Corporate Governance and applicable legal, regulatory and listing requirements.
- 2.2. The Committee shall coordinate the annual evaluation of the performance of the Board and its Committees to assess the effectiveness of its processes and procedures in the election and replacement of members of the Board.
- 2.3. The Committee shall lead the screening process for nominations for election to the Board of Directors. It shall review and evaluate the qualifications of all persons nominated for election to the Board of Directors in accordance with the requirements of the Corporation’s By-Laws, Manual of Corporate Governance and applicable legal, regulatory and listing requirements. It shall identify, approve and recommend to the Board of Directors the list of eligible nominees to be elected as members of the Board of Directors.

- 2.4. The Committee shall consider and determine if nominees for election as independent directors are qualified according to the criteria set under the Listing rules, Revised Code of Corporate Governance of 2012, and other applicable laws and regulations.
- 2.5. It also shall review and evaluate the qualifications of persons nominated for appointment to positions which require the approval of the Board of Directors.
- 2.6. The Committee shall develop, update, as necessary, and recommend to the Board policies on corporate governance and overall effectiveness of the Board.
- 2.7. The Committee has the authority to select and retain advisors, including director search firms, to advise the Committee in carrying out its functions and complying with the listing standards and other legal requirements.

3. Process and Criteria for Nominations to the Board

The following procedure and criteria shall be observed in the review and screening of persons nominated for election to the Board of Directors:

- 3.1. Written nominations by the stockholders shall be received by the corporation at least five (5) business days before the date of the Annual General Meeting of the Stockholders;
- 3.2. The Committee shall assess and determine if the person nominated for election to the Board of Directors meet the following qualification standards for directorship:
 - (a) Ownership of at least one (1) share of the capital stock of the Corporation registered in his name in the books of the Corporation;
 - (b) College degree or its equivalent, or comparable experience and competence in managing a business in lieu of such formal education;
 - (c) Relevant experience and credentials such as previous business experience in the corporation, membership in good standing in relevant industry and membership in business or professional organizations;
 - (d) Able to conduct fair business transactions with the Corporation and devote the necessary time and attention to properly and effectively perform his duties and responsibilities as director;
 - (e) Able to act judiciously and exercise independent judgment;
 - (f) Has none of the director disqualifications prescribed under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations; and

(g) For independent directors:

- (i) Beneficial equity ownership in the Corporation or in its related companies must not exceed two (2%); and
- (ii) Each must meet the term limit and independence standards set under SEC corporate governance listing rules as follows:
 - Must not be a regular director or officer of the Company or any of its related companies¹ or substantial shareholders² for the current or any of the past two financial years;
 - Must not be an ex-officio director or officer of the Company, including as a Chairman Emeritus of the Board, or a member of the executive advisory board or as Board adviser for the current or preceding financial year;
 - Must comply with the 5-year term limit and prior two years' "cooling period" for a subsequent 5-year final term limit.
 - Must not have a member of his immediate family who is a director, officer or substantial shareholder of the Company or any of its related companies;
 - Must not be a nominee or representative of a director or substantial shareholder of the Company or its related companies and/or its substantial shareholders;
 - Must not have been an executive employee of the Company or its related companies or substantial shareholders within the last past five years;
 - Must not have been an adviser (whether personally or through his firm or other similar entity) of the Company, its related companies or its substantial shareholders, within the last five years;
 - Must not engage in any transaction (whether personally or through a firm where he is a partner, director, officer or substantial shareholder) with the Company, its related companies or substantial shareholders unless conducted on arm's length basis and immaterial;

¹ Related company means another company which is its holding company, its subsidiary or a subsidiary of its holding company.

² Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than 10% equity interest in the Company.

3.3 The Committee may also consider the following matters in their evaluation:

- (a) Directorships in other corporations;
- (b) Age of the director; and
- (c) Any possible conflict of interest.

3.4 The Committee shall pre-screen and identify the individual nominees who possess all the qualifications and none of the disqualifications for directorship set for directors, including independent directors, under the Securities Regulations Code and its implementing rules, SEC Code of Corporate Governance and such other applicable laws and regulations.

3.5 Thereafter, Committee shall identify and recommend a shortlist of qualified nominees for Board approval and endorsement of the final list of nominees for election at the Annual Meeting of the Stockholders.

3.6 In case of a vacancy in the Board other than removal of a director or expiration of term, the Committee shall identify and recommend, for approval of the Board, nominees to fill Board vacancies as and when they arise. In identifying suitable candidates, the Committee may make use of professional search firms or services of external advisers to facilitate the search for qualified candidates to the Board.

4. Nominations for Corporate Officers

4.1. The Committee shall review and evaluate the qualifications of all persons recommended to positions in the Corporation which require appointment by the Board.

4.2. The Committee shall consider in their evaluation the level of skills, knowledge and experience of the candidate in relation to the duties and responsibilities of the position/s under consideration.

5. Performance Assessments

5.1. The Committee shall coordinate the annual evaluation of the performance of the Board to take place annually to ensure that the Board is in compliance with the Revised Manual of Corporate Governance, listing standards and other regulatory requirements. In this connection, it shall cause members of the Board to complete a self-assessment questionnaire to benchmark its practices against the criteria provided in the Revised Manual of Corporate Governance.

5.2. Based on the results of its self-rating assessment. It shall prepare plans for the continuous improvement of the Board performance which may include programs and trainings in leading global best practices and other areas of concern.

5.3. The Committee shall monitor the implementation of such plans from time to time.

6. Meetings

- 6.1 The Committee shall meet at least twice a year or as frequently as required to perform its duties set out in this Charter. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting papers. The Committee Chairman shall report to the Board on its proceedings after each meeting.
- 6.2 Actions of the Committee may also be taken by unanimous written consent (in physical, electronic or digital format) when deemed necessary.
- 6.3 Minutes of the Committee meeting will be recorded and maintained by the secretary of the meeting and presented to the Committee at the next Committee meeting for approval. The Corporate Secretary or his designated representative shall act as secretary for the meetings

Approved:

By resolution of the Board
5 March 2015